

Message Text

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70

ACTION ARA-20

INFO OCT-01 EUR-25 ADP-00 GSA-01 L-03 SS-15 NSC-10 AID-20

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

TRSE-00 XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01

CEA-02 H-02 RSR-01 /153 W
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R 111921Z JUL 73

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 415

INFO AMEMBASSY BRASILIA

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: EMIN, EGEN, BL, UK, BR

SUBJ: TIN

REFS: A. LA PAZ 4043; B. LA PAZ 3475

1. BEGIN SUMMARY. UK EMBASSY SOURCE TOLD ECONOFF CAPPER PASS SIGNED CONTRACT MORNING JULY 10 AT VIRTUALLY LAST MINUTE BEFORE BOARDING PLANE AFTER PROLONGED AND TOUGH NEGOTIATIONS. SAID UNDER CONTRACT CAPPER PASS WILL TAKE 17,000 TO 28,000 M.T. OF COMIBOL CONCENTRATES. THIS ACTION RESOLVES MAJOR PORTION BOLIVIAN PROBLEM OF PLACING ITS CONCENTRATES THAT HAD BEEN SMELTED AT WILLIAMS HARVEY AND VIRTUALLY SEALS FATE OF THIS SMELTER. END SUMMARY.

2. CONTRARY TO WHAT EARLIER REPORTED REF B, LOCAL PRESS AND SOME COMMERCIAL SOURCES, BOLIVIA EXPORTED 17,000 M.T. OF CONCENTRATES (NOT FINE TIN) TO WILLIAMS HARVEY LAST YEAR. OF THIS AMOUNT 13.9 THOUSAND M.T. OF CONCENTRATES WAS SENT TO WILLIAMS HARVEY BY COMIBOL, 2.2 THOUSAND M.T. BY BANCO MINERO AND ABOUT ONE THOUSAND M.T. BY MEDIUM MINERS. AS COMIBOL WAS
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SENDING CONCENTRATES CONTAINING 50 PERCENT TIN TO WILLIAMS

HARVEY, JUST-SIGNED CONTRACT WITH CAPPER PASS MEANS THAT EQUIVALENT OR GREATER AMOUNT OF FINE TIN AT LOWER CONCENTRATION LEVEL CAN BE SOLD TO CAPPER PASS. WE UNDERSTAND FROM UK EMBASSY SOURCE THAT CAPPER PASS IS INDEED EXPECTING RECEIVE CONCENTRATES AVERAGING AROUND 30 PERCENT. AS SMELTER WILL HAVE TO BE ADAPTED TO TAKE 30 PERCENT CONCENTRATES, WHICH MUCH HIGHER THAN SMELTER HAD BEEN RECEIVING, CAPPER PASS REPRESENTATIVES BARGAINED HARD FOR LONG TERM CONTRACT. UK EMBASSY SOURCE SAID CONTRACT TERM WAS LAST ASPECT NEGOTIATED AND HE WAS NOT ENTIRELY SURE OF OUTCOME, BUT BELIEVED 17,000-28,000 M.T. RANGE TO BE MAINTAINED FOR THREE YEARS AFTER WHICH CONTRACT RUNS FOR SEVEN MORE YEARS AT LOWER RANGES.

3. OTHER SOURCES IN TRADE INDICATE THAT REMAINING 3,000 M.T. PLUS OF CONCENTRATES THAT USED TO GO TO WILLIAMS HARVEY PROBABLY WILL BE PLACED WITH USSR WHICH REGARDED AS FAVORED BUYER BECAUSE OF LOW SMELTER CHARGES. WHAT USSR DOES NOT TAKE PROBABLY TO BE PLACED IN BRAZILIAN SMELTERS.

4. UK EMBASSY, BANKING AND TRADE SOURCES BELIEVE COMIBOL CONTRACT WITH CAPPER PASS SPELLS DOOM FOR WILLIAMS HARVEY. SOME OF THESE SOURCES COMMENTED THAT THIS BEST SOLUTION, EVEN THOUGH THEIR COMPANIES MIGHT NOT BE PAID ENTIRE AMOUNT WILLIAMS HARVEY OWES, ON GROUNDS THAT WILLIAMS HARVEY IS LOSER THAT CANNOT BE MADE EFFICIENT. WE UNDERSTAND THAT UNDER BUSINESS AS USUAL ASSUMPTION WILLIAMS HARVEY WOULD HAVE LOST 1.4 MILLION POUNDS STERLING THIS YEAR.
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